

LOSAP's and The Consumer Price Index: Annual Increase in the Awards to Qualifying Volunteers

The LOSAP Rules require that the Director adjust the maximum contribution for each LOSAP member in accordance with the changes in the Consumer Price Index. The application of the annual CPI adjustment is optional, subject to the provisions of the ordinance/resolution establishing the LOSAP program.

Specifically, the amount of the LOSAP contribution may be increased pursuant to N.J.A.C. 5:30-14.9, which provides that a cost of living inflation rate issued by the Director of the Division of Local Government Services may annually increase the maximum contribution. The inflation rate is based upon changes in the CPI of Trenton/Philadelphia (N.J.S.A. 40A: 14-185(f)). The amount of the increase cannot exceed the amount calculated by multiplying the original contribution, as approved by public question, by the inflation percent. In October of each year, the Director adjusts the maximum contribution in accordance with changes in the CPI.

Set forth below is an explanation of the process.

Municipal (November) LOSAPs

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor
2000	177.9	174.4	2.0%
2001	182.9	177.9	2.8%
2002	185.8	182.9	1.5%

Fire District (February) LOSAPs

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor
2000	174.7	168.6	3.6%
2001	179.0	174.8	1.0%
2002	182.0	179.0	1.6%

Details of Calculation

The amount of increase in a LOSAP program maximum award is limited to the amount of the previous maximum multiplied by the new consumer price index factor.

The consumer price index factor (*N.J.S.A. 40A: 14-185(f)*) uses the US Bureau of Labor Statistics calculation of the Revised Consumers Price Index-All Items, Philadelphia Area. The index factor is calculated by the following formula:

Consumer Price Index (CPI) Factor =
$$\frac{\text{Prior year CPI subtracted from the CPI for the most recent month available.}}{\text{CPI for the prior year's month in which the voters approved the LOSAP program.}}$$

For example, if a municipal LOSAP maximum was \$750 in 2002, the maximum increase in 2003 would be \$750 times 1.5% = \$11.25, or a new maximum of \$761 (rounded to nearest dollar).

If you have any questions regarding this determination, please call (609) 984-2105.

8 January 2003